



CITY COUNCIL SUMMARY OF RETREAT

February 12, 2009

The Auburn City Council met in a special session on February 12, 2009 in order to conduct its annual retreat to discuss City projects and other topics related to Council vision and goals, and conduct an executive session regarding property acquisition. The session was conducted at the Dumas Bay Centre, 3200 SW Dash Point Road in Federal Way, Washington.

Mayor Lewis called the meeting to order at 8:30 a.m. and welcomed the following Councilmembers: Rich Wagner, Sue Singer, Gene Cerino, Nancy Backus, Bill Peloza and Lynn Norman. Councilmember Virginia Haugen arrived at 8:32 a.m.

Staff members present included: Planning, Building and Community Director Cindy Baker; Public Works Director Dennis Dowdy; City Attorney Daniel B. Heid; Finance Director Shelley Coleman; Information Services Director Lorrie Rempher; Parks, Arts and Recreation Director Daryl Faber; Human Resources/Risk Manager Brenda Heineman; Chief of Police Jim Kelly; Economic Development Manager Dave Baron; Communications Manager Dana Hinman; Executive Assistant Tamie Bothell; Government Relations Manager Carolyn Robertson; Community Services Manager Duanna Richards; Human Services Manager Michael Hursh, and City Clerk Danielle Daskam.

Mayor Lewis provided an introduction and recalled last year's retreat where there was productive discussion regarding City projects. However, due the current economic climate, there are questions and concerns whether the projects will come to fruition. Mayor Lewis stated that while the national economy worsens, it has not fully impacted the Puget Sound Region, although impacts have been detected in some pockets of the local economy, for example new car sales and real estate listings.

Mayor Lewis reported that the 2009 Budget includes approximately sixteen positions that are unfilled and the first budget revision will include the removal of the positions from the budget.

CITY HALL ANNEX

Referring to the Council's agenda packet, Finance Director Coleman reviewed a comparison of the City Hall Annex lease (first five years) versus purchase of the space financed through a 30-year bond at 5.50% interest. Director Coleman stated that a purchase would be the most advantageous in the long term. In the first five years of the lease, the lease is \$175,000 more expensive than the purchase option. The lease terms provide for a fifty year lease with a lease rate adjustment every five years. Additionally, the City would be responsible for property taxes.

Director Coleman stated that the bonding is based on \$24.5 million purchase price. The full price of tenant improvements including furniture, equipment and Emergency Operations Center (EOC) is approximate \$3.5 million. The debt payment would be approximately \$2 million per year on \$28 million and \$1.68 million per year on \$24.5 million. Director Heineman advised there are plans to apply for grants for construction of the EOC.

Director Coleman reviewed the possible sources of funds for the annual debt service. Approximately \$750,000 will be born by utilities, but the remaining amount does not have a funding stream earmarked. Director Coleman referred the Council to her handout entitled Uncommitted Funding Sources, specifically uncommitted cash balances (pages 2 and 3) and REET funds (page 27). REET is an ongoing revenue stream and shows a 2009 commitment to the Community Center.

COMMUNITY CENTER

Director Coleman referred the Council to separate handouts regarding Les Gove Park. The most recent construction estimate provided by the Robinson Company is \$7,385,429 for the community center and \$11,178,586 for the community and activity center. Other soft costs include sales tax and design and architectural costs. Director Coleman also referred to a separate handout of potential construction and design savings which would bring the total cost of construction to approximately \$10,700,000. Director Coleman stated that the totals do not reflect the costs for the demolition of the YMCA building.

Director Coleman stated that a possible source of funds for the Community Center construction is \$5 million from REET 1, \$1 million from solid waste, with \$5 million financed. The debt service on a \$5 million bond issue would be approximately \$420,000 per year, which could come from the REET 1 revenue stream; however, if the REET 1 funding does not maintain the needed level of funding, funding would need to come from general government funds or a voted general obligation bond.

SCORE

Finance Director Coleman referred the Council to a memo in the agenda packet which updates the financing options for SCORE (South Correctional Entity).

Mayor Lewis briefly commented on King County's policy to remove all cities' misdemeanants from King County Jail facilities by 2010 and the subsequent formation of the Jail Advisory Group to study other jail alternatives. Council spoke about the impact of the philosophy of current and future judges and commitments of misdemeanor offenders.

SCORE has selected a jail site owned by the Port of Seattle which is located in Des Moines. A Public Development Authority will be formed on February 25, 2009 among the member cities. An initial capital contribution from each city will be required in March 2009. The total contribution for all the cities is just under \$5.2 million. SCORE anticipates receiving \$3.18 million from the proceeds of selling the Bellevue jail site property. Auburn's total share for the 2009 contribution is \$1.514 million before receipt of its share from the Bellevue property sale. The initial cash contribution reimbursement, bond issuance, project administration, start up, site, design and construction costs are estimated to be just under \$100 million, of which Auburn's share is 29%. The annual debt service is approximately \$6.9 million and Auburn's share would be approximately \$2 million.

Finance Director Coleman directed the Council's attention to a funding model contained in the agenda packet. The model assumes other agencies will rent unused beds. The City's commitment is to 115 beds. The annual cost to Auburn could be more or less than the model reflects. It is solely dependent on the number of beds rented, beds available to be rented, and Auburn's actual daily population. The model reflects that Auburn's share of the maintenance and operation plus debt costs will be just under \$7 million with anticipated revenue from rented beds at \$2.3 million. The model is based on Auburn using 115 beds and successfully renting 146 beds at the rate of \$150 per day. The current cost of jail costs is approximately \$4.5 million per year. There may be additional costs for a south end holding facility.

(Councilmember Haugen left the meeting at approximately 9:30 a.m. during discussion of the SCORE project.)

GSA ACCESS

Mayor Lewis reported that the language of the deed for the GSA property requires that the City provide a separate access and sever the utilities from the remaining GSA properties along C Street SW. This requires the City to find

access over Boeing and Safeway owned properties. Total estimated construction costs of the access are \$1,037,000 and traffic signal installation costs (if necessary) are \$370,000. The site is currently used by Public Works, Code Enforcement, and HR/Facilities staff. Police also use the site for storage. The Valley Regional Fire Authority is also on the site. Mayor Lewis also spoke about potential use of the site as an underground firing range. Finance Director Coleman stated that funding for the cost of the access construction could come from REET 2 and traffic mitigation fees.

Mayor Lewis recessed the meeting at 10:07 a.m. for a brief intermission. The meeting reconvened at 10:17 a.m.

PROMENADE

The promenade project would consist of a full reconstruction of Division Street from 1st Street NW/NE to 3rd Street SW/SE complete with expanded decorative sidewalks and crosswalks, textured intersection circles, street lighting, street trees, decorative potted plants, modifications to a traffic signal, and new water, sewer and storm utilities. The estimated project cost is \$7.9 million. The anticipated funding source is a \$3 million Economic Development Administration grant and a potential LIFT bill. The grant would require a matching share.

Finance Director Coleman described the workings of a LIFT project: the City issues debt, the State assesses tax revenues in the Revenue Development Area, then the state looks at any incremental revenue received over the base year and allows a tax credit. The City is ultimately responsible for the debt. Mayor Lewis stated that the promenade project occurs if there is a developer.

CITY HALL PLAZA

On February 10, 2009, the Downtown Redevelopment Committee approved the final preliminary plan for the plaza. The total cost for the short range vision is \$688,000 with much of the work being done in-house. The Downtown Redevelopment Committee recommends proceeding with short range goals. The cost of the long range vision is an additional \$860,000 for a total project cost of \$1.5 million. An updated spreadsheet of the City Hall Plaza Final Preliminary Plan was distributed separate from the agenda packet.

Councilmember Norman, chair of the Downtown Redevelopment Committee, reviewed elements of the plan including removal of trees from the north and west sides of the plaza to improve visibility of City Hall, improved lighting, removal of the raised bed at the corner of the block, removal of grass and addition of seating and vegetation, a water feature, rain garden, and basalt columns.

Mayor recessed the meeting to executive session at 10:58 a.m. for thirty minutes in order to discuss real estate acquisition pursuant to RCW 42.30.110(1)(b). At 11:30 a.m. Mayor Lewis extended the executive session an additional fifteen minutes.

Mayor Lewis reconvened the meeting at 11:46 a.m.

ARTERIAL STREET PRESERVATION

Public Works Director Dowdy stated there are 29 miles of arterial/collector streets (out of 77 miles total) in need of work to bring them up to at least a pavement condition index of 70. Director Dowdy indicated there is no urgent need to address arterials in the annexation areas, and local streets in annexation areas are covered by the SOS program. Director Dowdy stated that in order to bring the entire 29 miles of arterials in need of repair up to 70 PCI would require \$40 million.

Mayor Lewis recommended to not bond against the \$1.5 million per year allocated for arterials for overlay projects from utility taxes, but to continue using the \$1.5 million to crackseal arterials (approximately eight miles per year). After 2009, any overlays would be accomplished by grants.

Public Works Director Dowdy spoke briefly regarding the M Street Grade Separation Project.

Councilmember Wagner suggested canceling the M Street Project since the Freight Mobility Strategic Investment Board (FMSIB) is threatening to pull their funding if construction is not started by July 1, 2011. Councilmember Wagner also questioned whether the project was warranted if there is only a five minute delay to traffic.

Mayor Lewis spoke about possible increase in rail traffic and the impact to local traffic.

ARTERIAL STREETS AND TRUCK ROUTES

Council discussed funding for preservation of truck routes. Mayor Lewis spoke about City of Fife's efforts to implement a door tax. Mayor Lewis stated there is currently no other funding source for this project other than through a door tax. Director Dowdy reported that there are approximately 4,400 doors in the industrial corridors; doors in commercial areas have not been counted yet. It was noted that in the City's draft ordinance, the first two doors are exempt. Councilmembers spoke in favor of implementing a \$125 per door annual fee with a schedule to increase the door tax in the next two ensuing years to \$250 and

\$375. The City would have to pursue regional, state and federal funding to fund the remaining improvements.

At 12:20 p.m. Mayor Lewis recessed the meeting for a lunch break. Mayor Lewis reconvened the meeting at 1:07 p.m.

ROBERTSON PROPERTIES

Public Works Director Dowdy referred the Council to the memo included in the agenda packet regarding NE Auburn/Robertson Properties Group (RPG) and their Auburn Gateway Project. Director Dowdy recalled that at the Council's 2008 retreat, Councilmembers spoke favorably regarding contributing \$1 million in infrastructure costs. Director Dowdy noted that the project is in the floodplain and is currently delayed due the current 100-year FEMA floodplain moratorium related to endangered species issues and the FEMA proposed revision of the floodplain maps.

Councilmember Wagner referred to RPG's matrix/revenue proposal and indicated he is unwilling to contribute to the infrastructure costs due to the time it would take to recoup the funding.

Public Works Director Dennis stated that RPG is proposing a phased development.

Councilmembers spoke against contributing \$1 million in General Fund funds over and above the paybacks and current schedule.

SOS PROGRAM

Public Works Director Dowdy referred to Save Our Streets Program Funding Schedule in the agenda packet. Director Dowdy estimated it would take seventeen years to complete all rebuilds of local streets (not including annexation areas) in need of work with the present cash flow. At the beginning of 2009, 21 miles of local streets (out of 83 miles total) are in need of work to bring them up to a pavement condition index of 70. Where utilities need to be upgraded, utilities will pay their proportionate share.

The current level of funding is \$2.2 million per year for the SOS Program. \$2.2 million will bond up to \$22 million on a 15-year bond issue. Mayor Lewis suggested putting the entire project out to bid including project management. Councilmembers discussed the coordination and cost of upgrading utilities in conjunction with street reconstruction.

Councilmembers expressed support for proceeding with bonding the entire project with Council establishing parameters.

Finance Director Coleman reminded Council of staff's recommendations at last year's Council retreat regarding the most beneficial debt structure, which was issuing three separate bond issues.

Following further discussion, Mayor Lewis agreed to look at options to complete the project in a one to three year period or a three phased program taking into consideration what utility work is scheduled.

AUBURN AS AN ENTERTAINMENT CENTER

Councilmember Norman recalled discussions at the Council's 2008 retreat regarding Auburn as an entertainment center. She stated that if the City wants to build its image as an entertainment center, then the City needs to decide to promote development that supports the image. Mayor Lewis suggested including the topic in a Committee of the Whole meeting with possible presentations from agencies such as 4Culture, the Washington State Convention Bureau and the Washington State Festivals Association.

PARTNERSHIP WITH BOYS AND GIRLS CLUB

Councilmembers briefly spoke regarding a possible partnership with the Boys and Girls Club for construction of a gymnasium at Les Gove Park.

A/B CORRIDOR

Public Works Director Dowdy referred to the A/B Corridor briefing paper contained in the agenda packet. The secured funding amounts to \$7.6 million with a funding shortage of \$4.6 million. The current funding would open the corridor from the Mohawk property to 10th Street. To open the remaining section to the post office requires another \$4 million (\$3 million of which comes from other sources). Assuming the City receives the requested \$2 million in federal transportation appropriations, the City's contribution to the project will be \$1 million. Director Dowdy anticipates that the environmental documentation and permits will be complete and approved by July 2009.

M&O EXPANSION

Public Works Director Dowdy reviewed proposed improvements to the M&O facility to accommodate future growth. The estimated cost of the improvements is approximately \$4 million. The improvements can be phased. Councilmember Wagner stated he can support some of the projects but not the entire list. Public Works Director Dowdy reviewed the funding sources as outlined in the agenda materials. Following further discussion, staff agreed to prepare an abbreviated list.

Mayor Lewis recessed the meeting at 2:08 p.m. for a brief intermission. Mayor Lewis reconvened the meeting at 2:23 p.m.

PRIORITIZATION AND FUNDING

City Hall Annex

Councilmembers spoke in favor of purchase versus lease of the annex. Finance Director Coleman reviewed the following breakdown of costs associated with the purchase of the annex space:

\$24,500,000 annex space purchase price
\$ 3,150,000 tenant improvements
(2,000,000) credit
\$ 1,750,000 equipment and furniture
\$28,000,000 Total Cost

Finance Director Coleman identified \$6 million in REET funding, \$11 million in funding from utilities, which leaves \$11 million in need of funding sources. Director Coleman stated that \$420,000 annually from REET could service the debt for the project. Council could also elect to buy down a portion of the debt.

Options to buy down the debt include:

\$1,100,000 from downtown revitalization
\$1,100,000 from the "other" category
\$ 700,000 from interest
\$1,300,000 REET cash

If the above amounts are applied to the annex condo purchase, the remaining balance is \$6.8 million.

Finance Director Coleman noted that the building developer has advised that he will be able to turn over the facility to the City in November 2009 when the condo shell will be complete. However, the City cannot exercise the purchase option until January 2011. The developer may be open to adjusting the window for the purchase option.

Approximately \$470,000 annually is required from the General Fund to finance the remaining \$6.8 million to purchase the annex space.

SCORE

Mayor Lewis indicated that SCORE is self-funding.

SOS and Arterial Streets

Mayor Lewis indicated that SOS and arterial streets funding is self-funding.

Councilmembers discussed their priority projects other than the annex. Councilmembers Wagner and Pelosa identified the Community Center as their priority project. Councilmembers Backus, Cerino, and Norman identified

downtown redevelopment as their priority project. Deputy Mayor Singer identified downtown development together with other property acquisition discussed in executive session as her priority project. Councilmember Peloza agreed that downtown redevelopment/property acquisition should be as high a priority as the Community Center.

To acquire the property for downtown redevelopment would require approximately \$2.5 million. Councilmembers discussed possible funding sources, including \$2 million from the cumulative reserve.

Councilmembers briefly discussed the Stratford and Spence Alpert developments.

Councilmember Norman suggested using \$4.8 million in REET funds for the annex rather than for the Community Center.

Councilmembers discussed financing options for the annex and/or the Community Center.

Mayor Lewis recessed the meeting at 3:37 p.m. for a brief intermission. Mayor Lewis reconvened the meeting at 3:50 p.m.

Councilmembers discussed opportunities to utilize Community Development Block Grant funds to acquire property for historic preservation, economic development, and other eligible community purposes.

Mayor Lewis summarized the financing of the City Council annex. The City will use \$470,000 annually from REET 1 to fund the debt service. Also, if the Stratford property does not develop, the City will use \$2.5 million from Cumulative Reserve to purchase the property. Any sale of the acquired property would be used towards the construction of the Community Center together with \$2 million from REET 1. Additionally, staff will investigate the opportunity to use Community Development Block Grant funds to acquire other properties. SOS projects will be funded in one project or a three-phased project. Arterial streets will continue to be cracksealed.

Finance Director Coleman reminded Council that any use of REET funding must be included in the Capital Facilities Plan.

Councilmembers discussed funding for the GSA access and utility connections. Finance Director Coleman suggested utilizing \$250,000 from the Sidewalk LID Fund for the GSA access property acquisition.

Councilmembers discussed utilizing Fund 328 sidewalk LID funds for the City Hall plaza project.

Director Dowdy stated there is no urgent need for any of the M & O improvements and the project can be deferred. Director Dowdy also spoke about potential sharing of the decant facility with the City of Pacific.

(Councilmember Peloza left the meeting at approximately 4:30 p.m. in order to attend a WRIA 9 meeting.)

Councilmembers indicated no interest in acquiring the triangle of property between Auburn Way North and Auburn Avenue.

Councilmember Wagner reported that he has received citizen feedback that the City is implementing too much traffic calming measures. Councilmember Cerino agreed.

Deputy Mayor Singer stated that she would like to revisit the use of funds received from red light photo enforcement.

Councilmember Norman spoke regarding community needs during a downturn in the economy and the importance of being able to provide recreation and entertainment outlets for all generations.

Mayor Lewis suggested bringing in someone from the Board of the One Stop Service Center to give a presentation on their status to the Council.

Mayor Lewis advised that he recently spoke to the Army Corps of Engineers regarding the status of the depression discovered in the right abutment of the Howard Hanson Dam. The Corps has reduced the pool level and will increase the level of the pool in moderate storm events. Mayor Lewis stated that the river's maximum flow in Auburn is 13,000 cubic feet per second; however, the Corps is committed to releasing up to 17,500 cubic feet per second in any event. There is no funding at this time to repair the dam. The City is prepared to evacuate residents in a major flooding event.

There being no further discussion, the meeting adjourned at 5:18 p.m.

Summary prepared by: _____
Danielle Daskam, City Clerk